

RECEIVED

NOV 12 2004

INDIANA UTILITY REGULATORY COMMISSION  
GENERAL COUNSEL

Comments of Citizens Action Coalition of Indiana on  
Indiana Utility Regulatory Commission Cause No. RM 04-02, Customer  
Service Rights and Responsibilities Rule Making

Citizens Action Coalition of Indiana (CAC) appreciates the opportunity to provide comments to the Commission on their rulemaking regarding customer service rights and responsibilities. Growing utility deposits as well as increasing costs for home heating and other essential services have created significant hardship for our members and many other rate-payers across Indiana.

CAC recognizes that the proposed rule makes a number of positive changes from the customer's perspective, including increased rights, extensions of time and some consideration for medical and financial hardship. Another positive move is to reduce the amount utilities can charge for deposit from the average of four months to two months.

While CAC appreciates the IURC staffs work in these areas, CAC believes that utility deposits should be limited to the average of one month's bill as reflected in legislation which passed the House last session. Even at one month of an average bill, a required deposit could still be hundreds of dollars.

While the amount of unrecoverable or bad debt has been increasing for most gas utilities leading them to raise deposits for many of their customers, it is important to recognize that low-income customers account for less than twenty percent of utility bad debt.

Developing mechanisms to help customers afford their utilities such as the Universal Service Program with Citizens Gas and Vectren will help reduce this bad debt as well as

administrative costs. Moreover, the USP approach adopted by Citizens Gas and Vectren is a more appropriate response to addressing the struggle that many households face in maintaining service than simply raising the deposit amount.

CAC is also very concerned about the credit provisions of this proposed rule. The rule would extend the time frame in which utilities can go back and review payment history from two years to four years. It also allows utilities to establish credit worthiness based on non-utility credit scoring. CAC believes these provisions would expose tens of thousands of Indiana utility customers to be required to pay a deposit even when those customers consistently pay utility bills.

Many factors influence a person's credit score including occupation, length of employment, and whether or not you own a home. Indiana workers have been losing jobs as many manufactures have gone overseas. Many rural communities have high unemployment rates, as do many urban minority communities. Many new jobs are paying less, and home foreclosures and bankruptcies have plagued families across our state.

Through the use of credit scoring, minorities are also far more likely to fall into a sub-prime credit categories contributing to record home foreclosures and predatory lending. The use of non-utility credit scoring by utilities would certainly negatively impact these same individuals.

In Texas, utilities recently tried to use non-utility credit scoring to actually set prices based on credit score so the worse a customer scores the more they pay. Fortunately, to this Commissions credit, we are moving the other direction in Indiana by allowing utilities to offer a discounted rate to low-income households who apply and qualify for energy assistance. If the IURC was to adopt these non-utility credit scoring provisions, they would disproportionately impact the same low and fixed-income customers that these efforts seek to help.

Credit scoring has played an integral role in the financial difficulties that face working, fixed-, and low-income households and should not be part of the rules governing deposits for essential utility service. We must continue to work toward breaking the vicious cycle of disconnection and subsequent scramble to pay down past due bills and find money for new deposits to restore service before the following winter. By offering affordable rates, weatherization, and limits on deposits CAC believes we can break this cycle.

Thank you again for this opportunity, this concludes CAC's comments.